



Alcoa

201 Isabella Street  
Pittsburgh, PA 15212-5858 USA  
Tel: 1 412 553 4458  
Fax: 1 412 553 4822

Mr. B. Michael Hodge, Esq.  
The Fairchild Corporation  
45025 Aviation Drive Suite 400  
Dulles, VA 20166-7516

November 3, 2003

VIA CERTIFIED MAIL

Dear Mike:

**RE: PHASE II ASSESSMENT COSTS FOR FOURTEEN (14) FORMER FAIRCHILD  
FASTENER FACILITIES**

Alcoa Inc. (Alcoa), through its consultant Environmental Resources Management (ERM), has completed the Initial Phase II environmental assessments for the following facilities:

City of Industry, CA (Temple Ave.)  
City of Industry, CA (Unruh Ave.)\*  
Fullerton, CA\*  
Guarda, Portugal\*  
Hildesheim, Germany  
Kelkheim, Germany\*  
Marignier, France\*

Montbrison, France\*  
Oakleigh, Australia  
Roques, France\*  
Saint Cosme, France\*  
Stoughton, MA  
Torrance, CA\*  
Vougy, France\*

The Scopes of Work (SOW) for these Phase II assessments were given to you initially at a meeting held here in Pittsburgh on November 8, 2002. Revisions to the SOW for ten (10) of the facilities were transmitted to you by letter on April 2, 2003 (sites with asterisks had revisions to their SOW).

Phase II fieldwork, data analysis and report writing was carried out by ERM from January 2003 through October 2003. The final Phase II reports describing the fieldwork along with the findings from these assessments were prepared by ERM and copies of these reports, including the supporting field data and analytical data are being forwarded to your attention under separate cover.

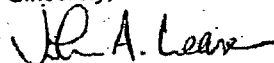
In accordance with Article XI, Section 11.6, of the Acquisition Agreement among Alcoa Inc., The Fairchild Corporation, Fairchild Holding Corp. and Sheepdog, Inc. dated as of July 16, 2002 ("Agreement"), Alcoa Inc. is notifying you that the costs associated with the Phase II assessment work qualify for reimbursement pursuant to Section 11.6 of the Agreement, subject to the deductible amount as provided in Section 11.2(a)(iv) of the Agreement. The cost for this Phase II work is currently \$940,000. Copies of ERM invoices showing cost breakdowns for each site are included (see Attachment). This does not represent our total claim, and we reserve the right to submit additional claims for indemnification as permitted under the Agreement.

Please contact me with any questions regarding this information at (412) 553-4458 or by e-mail at: john.lease@alcoa.com.

Alcoa Project Ref. - BUAFS-001

FAIR50000967

Sincerely,



John A. Lease  
Alcoa Inc.

Attachment

Cc: The Fairchild Corporation (via certified mail)  
45025 Aviation Drive  
Suite 400  
Dulles, VA 20166-7516  
Attn: General Counsel

Cahill Gordon & Reindel (via certified mail)  
80 Pine Street  
New York, NY 10005  
Attn: James J. Clark, Esq.  
Luis R. Penalver, Esq.

Sanford Harvey - Alcoa Inc. (via email)  
Diane Lazzaris - Alcoa Inc. (via email)  
Claire Miller - Alcoa Inc. (via email)

Alcoa Project Ref. - BUAFS-001

FAIR50000968

Bcc: (via e mail)

Ken Ford – AFS, Torrance, CA  
Greg Hann – AFS, Torrance, CA  
Eleanor Wang – AFS, Torrance, CA  
James Boyt – GBS-EHSS, Pittsburgh, PA

Alcoa Project Ref. – BUAFS-001

FAIR50000969

Attachment

FAIR50000970



**Environmental Resources Management**  
855 Springdale Drive  
Exton, Pennsylvania 19341  
(610) 524-3500

Please Remit to: **Environmental Resources Management, Inc.**

**Wire Instructions:**  
Commerce Bank/Pennsylvania, N.A.  
Philadelphia, PA  
ABA No.: 036001808  
Credit to: ERM, Inc.  
Account No.: 350930481

**Check Payments:**  
P.O. Box 13327  
Philadelphia, PA 19101

**ACH Transfers:**  
Commerce Bank/Pennsylvania, N.A.  
Philadelphia, PA  
ABA No.: 036001808  
Credit to: ERM, Inc.  
Account No.: 350930481

MARCH 27, 2003  
INVOICE NO. MS 00299  
PROJECT NO. Y6332.01

# 3025366

JOHN LEASE  
ALCOA  
ALCOA CORPORATE CENTER A5A07  
201 ISABELLA STREET  
PITTSBURGH, PA 15212-5858

FOR: PROJECT PHI PHASE II INVESTIGATIONS

PROFESSIONAL SERVICES FOR THE TWO-MONTH PERIOD ENDING JANUARY 31, 2003

**TOTAL THIS INVOICE:**

**\$83,928.44**

Y6332.01.01	PROJECT MANAGEMENT	\$18,792.50
Y6332.02.01	FULLERTON, CA	\$4,313.00
Y6332.03.01	TORRANCE, CA	\$3,692.00
Y6332.04.01	COI TEMPLE AVE	\$3,033.00
Y6332.05.01	COI UNRUH AVE	\$3,840.00
Y6332.06.01	STOUGHTON, MA	\$2,473.94
Y6332.07.01	HILDESHEIM, GERMANY	\$7,741.50
Y6332.08.01	KELKHEIM, GERMANY	\$2,355.00
Y6332.09.01	MONTERISON, FRANCE	\$3,705.00
Y6332.10.01	VOUGY, FRANCE	\$3,762.50
Y6332.11.01	ROQUES, FRANCE	\$3,900.00
Y6332.12.01	SAINT COSME, FRANCE	\$10,175.00
Y6332.13.01	MARIGNIER, FRANCE	\$3,567.50
Y6332.14.01	GUARDA, PORTUGAL	\$12,017.50
Y6332.15.01	OAKLEIGH, AUSTRALIA	\$560.00

Approved: John A. Lease

Bill to:  
00590.96204.81000000.2550.00000.00000.0000

RM Tax ID Number: 23-2889340

Invoices over 30 days will be subject to a service charge of 1.5% per month (18% Annual Rate).

FAIR50000971

APRIL 25, 2003  
 INVOICE NO. MS 00428  
 PROJECT NO. Y6332.00.01

JOHN LEASE  
 ALCOA  
 ALCOA CORPORATE CENMTER -A5A07  
 201 ISABELLA STREET  
 PITTSBURGH, PA 15212-5858

FOR: PROJECT PHI PHASE II INVESTIGATIONS

PROFESSIONAL SERVICES FOR 1-MONTH PERIOD ENDING FEBRUARY 28, 2003

**TOTAL THIS INVOICE:**

**\$179,073.96**

Y6332.01.01	PROJECT MANAGEMENT		\$11,126.50
Y6332.02.01	FULLERTON, CA		\$12,451.79
Y6332.03.01	TORRANCE, CA		\$5,392.59
Y6332.04.01	COI TEMPLE AVE, CA		\$4,275.05
Y6332.05.01	COI UNRUH AVE, CA		\$6,106.11
Y6332.06.01	STOUGHTON, MA		\$5,225.04
Y6332.07.01	HILDESHEIM, GERMANY	(a)(b)	\$46,855.37
Y6332.08.01	KELKHEIM, GERMANY	(a)(b)	\$12,387.86
Y6332.09.01	MONTBRISON, FRANCE	(a)	\$4,532.76
Y6332.10.01	VOUGY, FRANCE	(a)	\$29,635.96
Y6332.11.01	ROQUES, FRANCE	(a)	\$3,628.26
Y6332.12.01	SAINT COSME, FRANCE	(a)	\$8,645.40
Y6332.13.01	MARIGNIER, FRANCE	(a)	\$24,219.11
Y6332.14.01	GUARDA, PORTUGAL	(a)	\$4,592.16
Y6332.15.01	OAKLEIGH, AUSTRALIA		\$0.00

(a) Unbudgeted Incurred costs for Exchange Rate Differential Since Original Budgeting For the 8 European Sites 1 US Dollar: 0.92 Euro = 8% change	\$9,516.90 (Total Exchange Rate Costs)
(b) Total VAT Tax for intrusive investigations in Germany. This Tax is fully refundable to Alcoa (as a non-German Company) on Formal Request to the German Government, at the completion of the Project	\$6,018.79 (Total VAT Tax)

Approved  
 John A. Lease  
 4/26/03

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APRIL 29, 2003  
INVOICE NO. MS01159  
PROJECT NO. Y6332.XX-01

JOHN LEASE  
ALCOA  
ALCOA CORPORATE CENTER - A5407  
201 ISABELLA STREET  
PITTSBURGH, PA 15212-5858

FOR: PROJECT PHASE II INVESTIGATIONS

PROFESSIONAL SERVICES FOR THE PERIOD ENDING MARCH 31, 2003

TOTAL THIS INVOICE:		\$184,959.45
Y6332.01.01	PROJECT MANAGEMENT	\$13,070.00
Y6332.02.01	FULLERTON, CA	\$23,685.85
Y6332.03.01	TORRANCE, CA	\$16,096.06
Y6332.04.01	COI TEMPLE AVE	\$12,198.70
Y6332.05.01	COI UNRUH AVE	\$26,956.62
Y6332.06.01	STOUGHTON, MA	\$5,235.13
Y6332.07.01	HILDESHEIM, GERMANY	\$0.00
Y6332.08.01	KELKHEIM, GERMANY	\$0.00
Y6332.09.01	MONTBRISON, FRANCE	\$30,448.74
Y6332.10.01	VOUGY, FRANCE	\$0.00
Y6332.11.01	ROQUESS, FRANCE	\$25,260.85
Y6332.12.01	SAINT COSME, FRANCE	\$0.00
Y6332.13.01	MARIGNIER, FRANCE	\$0.00
Y6332.14.01	GUARDA, PORTUGAL	\$0.00
Y6332.15.01	OAKLEIGH, AUSTRALIA	\$12,007.50

Approved: *W. A. Lene*

(a) Unbudgeted Incurred costs for Exchange  
Rate Differential Since Original Budgeting  
For the 8 European Sites  
1 US Dollar: 0.93 Euro - 23¢ change

\$5,516.50  
(Total Exchange Rate Costs)

FAIR50000973

JUNE 11, 2003  
 INVOICE NO. MS 02175  
 PROJECT NO. Y6332.XXX.01

JOHN LEASE  
 ALCOA  
 ALCOA CORPORATE CENTER -A5A07  
 201 ISABELLA STREET  
 PITTSBURGH, PA 15212-5858

FOR: PROJECT PHI PHASE II INVESTIGATIONS  
 PROFESSIONAL SERVICES FOR THE PERIOD ENDING APRIL 30, 2003

## TOTAL THIS INVOICE:

\$205,920.18

Y6332.01.01	PROJECT MANAGEMENT	\$10,307.00
Y6332.02.01	FULLERTON, CA	\$81,676.43
Y6332.03.01	TORRANCE, CA	\$47,036.28
Y6332.04.01	COI TEMPLE AVE	\$8,611.07
Y6332.05.01	COI UNRUH AVE	\$36,576.85
Y6332.06.01	STOUGHTON, MA	\$5,926.94
Y6332.07.01	HILDESHEIM, GERMANY (a)(b)	\$15,785.61
Y6332.08.01	KELKHEIM, GERMANY	\$0.00
Y6332.09.01	MONTERISON, FRANCE	\$0.00
Y6332.10.01	VOUGY, FRANCE	\$0.00
Y6332.11.01	ROQUES, FRANCE	\$0.00
Y6332.12.01	SAINT COSME, FRANCE	\$0.00
Y6332.13.01	MARIGNIER, FRANCE	\$0.00
Y6332.14.01	GUARDA, PORTUGAL	\$0.00
Y6332.15.01	OAKLEIGH, AUSTRALIA	\$0.00

(a) Unbudgeted Incurred costs for Exchange Rate Differential Since Original Budgeting For the 8 European Sites 1 US Dollar: 0.92 Euro - 8% change	\$1,008.02 (Total Exchange Rate Costs)
(b) Total VAT Tax for intrusive investigations in Germany. This Tax is fully refundable to Alcoa (as a non-German Company) on Formal Request to the German Government, at the completion of the Project	\$2,177.33 (Total VAT Tax)

Approved: *John A. Lease*



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JUNE 11, 2003  
 INVOICE NO. MS 02170  
 PROJECT NO. Y6332.XX.01

JOHN LEASE  
 ALCOA  
 ALCOA CORPORATE CENTER-A5A07  
 201 ISABELLA STREET  
 PITTSBURGH, PA 15212-5858

FOR: PROJECT PHI PHASE II INVESTIGATIONS

PROFESSIONAL SERVICES FOR THE PERIOD ENDING APRIL 30, 2003

**TOTAL THIS INVOICE:**

**\$242,783.05**

Y6332.01.01	PROJECT MANAGEMENT		\$0.00
Y6332.02.01	FULLERTON, CA		\$0.00
Y6332.03.01	TORRANCE, CA		\$0.00
Y6332.04.01	COI TEMPLE AVE		\$0.00
Y6332.05.01	COI UNRUH AVE		\$0.00
Y6332.06.01	STOUGHTON, MA		\$0.00
Y6332.07.01	HILDESHEIM, GERMANY		\$0.00
Y6332.08.01	KELKHEIM, GERMANY	(a)(b)	\$4,378.76
Y6332.09.01	MONTBRISON, FRANCE	(a)	\$26,872.17
Y6332.10.01	VOUGY, FRANCE	(a)	\$15,116.16
Y6332.11.01	ROQUES, FRANCE	(a)	\$14,865.51
Y6332.12.01	SAINT COSME, FRANCE	(a)	\$109,906.46
Y6332.13.01	MARIGNIER, FRANCE	(a)	\$11,161.84
Y6332.14.01	GUARDA, PORTUGAL	(a)	\$47,721.65
Y6332.15.01	OAKLEIGH, AUSTRALIA		\$12,760.50

(a) Unbudgeted Incurred costs for Exchange	\$16,993.96
Rate Differential Since Original Budgeting	(Total Exchange Rate Costs)
For the 8 European Sites	
1 US Dollar: 0.92 Euro = 8% change	

(b) Total VAT Tax for intrusive investigations	\$603.97
in Germany. This Tax is fully refundable to Alcoa	(Total VAT Tax)
(as a non-German Company) on Formal Request	
to the German Government, at the completion	
of the Project	

Approved: John A. Lease

FAIR50000975

00000070

**Environmental Resources Management**

855 Springdale Drive  
Exton, Pennsylvania 19341  
(610) 524-3500

**Please Remit to: Environmental Resources Management, Inc.**

**Wiring Instructions:**  
Commerce Bank/Pennsylvania, N.A.  
Philadelphia, PA  
ABA No.: 036001808  
Credit to: ERM, Inc.  
Account No.: 360930481

**Check Payments:**  
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Philadelphia, PA 19101

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Commerce Bank/Pennsylvania, N.A.  
Philadelphia, PA  
ABA No.: 036001808  
Credit to: ERM, Inc.  
Account No.: 360930481

Mr. John Lease  
Alcoa  
Alcoa Corporate Center - 5a07  
201 Isabella Street  
Pittsburgh, PA. 15212-5858

Invoice Date : 6/30/2003

Invoice # : 867

Project # : 0004021

Project Manager : JEFF FLANZENBAUM

Dept : MA03

Invoice Group : \*\*

For Professional Services Rendered through: 5/23/2003  
Project Phi Phase II Investigations

Project : 004021 ( Formerly Y6332)

Phase #		
001	PROJECT MANAGEMENT	\$7,790.00
002	FULLERTON, CA	\$5,419.88
003	TORRANCE, CA	\$17,912.13
004	COI TEMPLE AVE, CA	\$2,905.00
005	COI UNRUH AVE, CA	\$4,741.91
006	STOUGHTON, MA	\$4,744.11
007	HILDESHEIM, GERMANY	\$0.00
008	KELKHEIM, GERMANY	\$0.00
009	MONTBRISON, FRANCE	\$0.00
010	VOUGY, FRANCE	\$0.00
011	ROQUES, FRANCE	\$0.00
012	SAINT COSME, FRANCE	\$0.00
013	MARIGNIER, FRANCE	\$0.00
014	GUARDA, PORTUGAL	\$0.00
015	OAKLEIGH, AUSTRALIA	\$815.00

TOTAL THIS INVOICE: \$44,328.01

ERM Tax ID Number: 23-2889340

Invoices over 30 days will be subject to a service charge of 1.5% per month (18% Annual Rate).

5-02

FAIR50000976